

STANDING COMMITTEE ON CYBERSPACE LAW

Minutes of Meeting

November 20, 2003

A meeting of the Committee was held at noon on October 23d, 2003 at the Los Angeles office of Heller Ehrman White & McAuliffe and by telephone conference call.

Members attending were Dan Appelman, Scott Hervey, Melinda Demsky, Michael Dergosits, Lucy Goldenhersh, Greg Goonan, Rudy Guyon, Sue Krennek, Clara Martin, Andy Serwin, Mike Stern, Konrad Trope, Nina Yablok, and Maureen Young.

Also attending were Bill Gay (Executive Committee Liaison) and Robert Hale (observer).

Approval of Minutes from October 23d Meeting.

Dan reviewed the minutes from the October 23d meeting. Dan noted that Bill Gay attended that meeting and revised the minutes accordingly. There were no other changes and the minutes were approved as revised.

Welcome of New Members.

Dan noted that the following individuals had been appointed as new members of the Committee with terms expiring as of the date of the State Bar's annual meeting as indicated: Mike Callahan (2004); Melinda Demsky (2005); and Clara Martin (2005). In addition, Val Hornstein was reinstated and continues his membership until 2006.

Membership; Need for New Candidates.

With the appointment of these members, the Committee's roster is full and there are no vacancies. However, Vito, Gregory and Scott will all "term out" as of the State Bar's next annual meeting in October 2004. We therefore need at least three new candidates, and applications for the new term will be considered by the Executive Committee until August. All members should be thinking of prospective candidates. Please send your recommendations to Dan Appelman.

Review of "To Do" Items from October 23d Meeting.

Here is the status of the "to do" items from last meeting:

1. Topical Subcommittees meet, appoint chairs, and report on agendas, chairs and goals for their teams. Some did, some didn't. Still need appointment of chairs, reports on agendas and goals for Copyright, Electronic Commerce, Jurisdiction, Privacy and Trademark/Domain Names subcommittees.
2. Dan talk to Mike Callahan re Committee membership. Done; Mike Callahan joined the Committee.
3. Sue report on State Legislative initiatives. Done.
4. Sue arrange Miller/Doyle attendance at November Committee meeting. Done.
5. Andy finalize panelists for January SEI. Done.

6. Michael D. and Nina report on proposed structural and content changes with updates for website. Report given.
7. All members submit bios to Michael D. Mostly not done. Dan made decision not to include bios until majority of members submit theirs.

Reports from Subcommittees.

- a. Report from Legislative and Regulatory Subcommittee.

Maureen Young reported on the progress of this subcommittee.

Larry Doyle joined the meeting by telephone and gave the Committee an overview of how to participate in California legislative activities and some of the available tools to track legislation. Larry guided us through some of the tools and resources available via the Internet. We discussed the possibility of visiting Larry and one or two key legislators in Sacramento in February. Maureen will set this up.

Konrad reported on federal regulatory developments. See his attached summary.

- b. Report from Programs and Publications Subcommittee.

SEI (January 23-25 at Loews Santa Monica Beach Resort, Santa Monica). Andy reported that the Committee will sponsor a "hot issues" panel at SEI on Friday, January 23 from 9:45-11:45am. Speakers will be Andy on CAN-SPAM; Melinda on the Grokster, Pavlovich, and Bunner (DVD) cases; Scott (not sure on what from his handouts); and Maureen on database security.

BLS/California Bankers Association (May 15, Newport Beach, California). The Committee will host a lunch panel on "A Banker's Primer on IP Finance Issues." This panel will discuss how to monetize and securitize intellectual property. It will also discuss how to take a security interest in IP and cyberspace assets. Konrad, Pamela Martinson and Steve Weise will be the presenters.

Business Law News needs submissions and wants at least one article per year from each standing subcommittee. Dan asks Nina or Andy to determine deadline for submission of articles for Winter BLN issue.

The Committee is expected to submit an article for the BLS' Annual Review. Deadline for topics is February; deadline for drafts is March. Nina should report on this at the January meeting.

- c. Report from Website Subcommittee.

We had a demo of the Committee's website and an extended discussion about how to improve it. We discussed who our constituency and target audience is; resources and links we should include; participation of topical subcommittees

in contributing content. After much discussion, the Committee agreed that at present our target constituency is California business attorneys. At present, we are not going to try to become a “consumer resource” to enable members of the public to utilize our site. Michael D. has made substantial progress on the Committee’s website. Visit it at:

http://www.calbar.ca.gov/state/calbar/calbar_generic.jsp?sCategoryPath=/Home/Attorney%20Resources/Sections/Business%20Law/Standing%20Committees/Cyberspace%20

Michael reported that the State Bar is moving toward enabling an interactive feature such as a bulletin board on State Bar sites. The Litigation Section is the subject of a pilot program to allow Section members who have logged in to post messages and receive responses. Since this program requires the coordination of at least two servers (the Litigation Section site and the State Bar membership database), the functionality cannot be made available to other State Bar Committee sites until the pilot program has successfully been proven with the Litigation Section. Our web site coordinator, Michael Mullen is aware of our interest in interactivity, and will keep us informed about the progress of the Litigation Section pilot program.

We still need content and organizational help to make the website useful to our Committee and to the Bar. Please contact Michael if you’d like to help.

d. Discussion of Topical Subcommittees.

There wasn’t time for most topical subcommittees to report; but it was obvious that many of them had not yet met, selected chairs, or discussed their agendas for the remainder of the term. This is a major “to do” item for next meeting.

Marla Hoehn sent in an update for the Electronic Commerce Subcommittee and federal legislation tracking. Her report is attached.

Next Meeting

[date of meeting pending poll] by video conference; 9:30am to noon.

To Do:

1. Subcommittees report each month.
2. Topical Subcommittees meet, appoint chairs, and report on agendas, chairs and goals for their teams.
3. Maureen set up field trip to Sacramento—February timeframe..
4. Melinda and Mike Callahan work with Maureen and Legislative Committee to identify legislators interested in cyberspace issues for February field trip.
5. Andy report on SEI and BLS Spring programs.
6. Michael D. and Nina report on proposed structural and content changes with updates for website.
7. Nina, Lucy, Andy report on Outreach.

8. Nina report on what we need to do for Annual Review

Report from Konrad Trope
Federal Regulatory Developments

Konrad Trope presented his monthly report regarding regulatory developments at the Federal level and other related matters concerning cyberspace. First, the U.S. Copyright Office announced that certain classes of works will be exempt from the anti-circumvention provisions of the Digital Millennium Copyright Act. These provisions of the DCMA constitute a statutory prohibition against circumventing technological measures that control access to copyrighted works. The U.S. Copyright Office, as part of its regulatory authority, made an announcement in the Federal Register (68 Fed. Reg. 62011) wherein four classes of copywritten works that would be exempt from these anti-circumvention provisions (see 17 U.S.C. Section 1201(a)(1)(D)).

Second, Mr. Trope reported that after months of joint public hearings with the Justice Department, the Federal Trade Commission on October 30, 2003, issued its report on the proper balance between competition and patent law. Among other things, the report concludes that a preponderance of the evidence, rather than clear and convincing evidence, should be the standard for finding a patent invalid. FTC Chairman Timothy Muris, in an October 30, 2003 luncheon speech at the AIPLA Annual Meeting in Washington, D.C., discussed the report and reviewed several other report recommendations, which include the following:

1. Create a post-grant review and opposition procedure;
2. Tighten the "commercial success" test of non-obviousness;
3. Provide adequate funding for the PTO;
4. Implement revisions to PTO rules under the agency's 21st Century Strategic Plan;
5. Expand prior user rights beyond the provisions of 35 U.S.C. §273;
6. Require publication of all patent applications within 18 months of filing; and
7. Reform willful infringement law.

Third, the Patent and Trademark Office announced October 24, 2003, that it was postponing the requirement that Madrid Protocol filings be made only with the Trademark Electronic Application System (TEAS), and that paper filings would also be accepted until January 2, 2004. 68 Fed. Reg. 60850. On November 7, 2003, the agency announced that technical difficulties in making TEAS forms available requires that all Madrid submissions be made on paper until the necessary forms are posted on the PTO web site. 68 Fed. Reg. 63019.

Fourth, the Patent and Trademark Office on October 20, 2003, issued final rules to revise its regulations to conform to amendments to Patent Cooperation Treaty regulations, set to take effect January 1, 2004. 68 Fed. Reg. 59881. Proposed rules were published last May (68 Fed. Reg. 32441), which generally remain intact in the final version.

The Patent Cooperation Treaty emerged from a 1970 conference among members of the Paris Convention and has been signed by a number of countries. In 1975, Congress enacted amendments and additions to the Patent Act to implement the Treaty. The Treaty will become effective only after a certain number of countries have adhered to it, and the implementing legislation takes effect "on the same day as the entering into force" of the Treaty. The Treaty is scheduled to take effect as of January 1, 2004.

The Treaty does not alter the substantive requirements of patentability in the United States or any other country. It seeks to reduce "the duplication of effort involved, both for applicants and national Patent Offices, in the filing and processing of patent applications for the same invention in different countries." Procedures under the Treaty are "optional, are not intended to replace present domestic filing procedures, and in no way diminish the rights of priority and national treatment which applicants are accorded under the Paris Convention for the Protection of Industrial Property."

Lastly, in last months federal regulatory report, Mr. Trope reported that the Copyright Office was seeking comments about what Royalty Rate should be charged for Sound Recordings, including webcasts created since 1998. What the Copyright Office did not mention in that notice were the judicial challenges to its interpretation of the Digital Millennium Copyright Act, wherein the Copyright Office did not exempt webcasting radio broadcasts from paying sound recording performance royalties.

The Copyright Office correctly interpreted the Digital Millennium Copyright Act as not exempting Internet streaming of AM and FM broadcasts from the sound recording performance right, the Third Circuit held October 17, 2003.

In December of 2000, the Copyright Office issued a final rule that the sound recording performance right at 17 U.S.C. §106(6) applied to radio broadcasts on the Internet. 65 Fed. Reg. 77292. The agency concluded that such Internet streaming did not qualify under the exemption at Section 114(d)(1)(A) for "nonsubscription broadcast transmissions." In a lawsuit brought by the National Association of Broadcasters (in the name of Bonneville International Corp.), a district court issued a summary judgment deferring to the Copyright Office reading of the statute.

The Third Circuit affirmed. The webcast does not satisfy the definition of a "broadcast" transmission at Section 114(j)(3), which defines the term as a transmission made by a "terrestrial broadcast station licensed by the Federal Communications Commission." The court held that the terms of the statute and the legislative history support the Copyright Office understanding of a "terrestrial broadcast station" as limited to a "broadcast facility" as opposed to a "broadcaster as a business entity.